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DEPARTMENT OF TREASURY
LANSING

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STATE TREASURER

TO: Participating Schools and Lenders

FROM: Toots Lapata-Victorson 

DATE: August 28, 2003

SUBJECT: Educational Loan Notes

LIFE SKILLSSM

A postsecondary education is a major investment for students in Michigan. Many students have turned to loans and credit cards to finance their education, and the amount of debt they accumulate is a concern to all in the financial aid industry. To assist schools and their students, the Michigan Guaranty Agency is pleased to announce a series of Life SkillsSM Train-the-Trainer Workshops. Life SkillsSM is a leading-edge financial literacy program that helps students manage their finances and complete their degrees or programs on time. These hands-on workshops are designed for any school personnel that are in a position to discuss various strategies for coping with the financial and academic challenges of students at their schools. Examples include staff at orientation sessions, residence hall advisors, financial aid advisors, counselors, and instructors. Life SkillsSM is designed for independent use or can be incorporated into many academic areas. Examples of schools using Life SkillsSM in Michigan are addressed later in this article.

Cynthia Waisner, Managing Partner of Catalyst Consulting Partners, LLC, an organization development and strategy consulting firm, will facilitate the Life SkillsSM workshops. Ms. Waisner has an extensive background and expertise in the areas of training and development, executive coaching, and business strategy. (Additional biographical information for Ms. Waisner is included at the end of this article.) From her experience with the pilot phase of the Life SkillsSM program she has designed student assessments and interactive student activities that she will share at these workshops.

Workshop dates and locations are as follows:

October 8 - Marquette	November 5 - Troy
October 9 - Gaylord	November 6 - Plymouth
October 23 - Kalamazoo	November 12 - Flint
October 24 - Grand Rapids	November 13 - Lansing

Each workshop will run from 9:00 a.m. to 3:00 p.m., and lunch will be provided. Registration information and materials will be sent out shortly. To facilitate an optimal learning environment, each workshop is limited to a maximum of 20 participants so please register early. If interest warrants, MGA will make additional sites and times available. Depending on the response to the registration notification, MGA may cancel some workshops.

Questions concerning the Train-the-Trainer Workshops should be directed to Nancy Vaughn at 1-800-642-5626, extension 31871, or via e-mail at vaughnn@michigan.gov.

(Continued on the next page.)

Background

Life SkillsSM consists of five independent, yet interrelated modules. Each module is designed as a one-hour workshop that can be presented individually, or the entire series can be presented as one four-hour course with a one-hour refresher.

The five modules are:

- **Module 1 - Get a Grip on Your Finances:** Strategies for managing money wisely while in school.
- **Module 2 - Seek Out Financial Aid:** Strategies for obtaining financial support and understanding related responsibilities.
- **Module 3 - Work Hard, But Smart:** Strategies to help students succeed in school and complete their education in a timely manner.
- **Module 4 - Take Control of Your Future:** Strategies and skills for succeeding in college and beyond.
- **Module 5 - Now That You're About to Graduate:** Reinforces students' knowledge of loan repayment options, responsibilities, and obligations.

Each module includes an instructor training manual and a student skills workbook. Short video segments are available to accompany Modules 1-4. PowerPoint® presentation slides are included for trainers' support for each workbook modules. Also available are an interactive CD-ROM with student skill-building activities and a Quicken® financial management CD (with Module 1). MGA will provide the materials to staff at your institution, at no cost, to deliver this program in the most effective manner based on the unique needs of your students.

The following Michigan pilot schools have already initiated or are in the planning stages of using the Life SkillsSM materials.

Concordia University used Life SkillsSM as part of their "Senior Send-Off" celebration. The financial aid office joined forces with the Business Office, Registrar, and several lender partners to offer a half-day event for graduating seniors. The seniors were able to complete exit counseling, collect their caps and gowns, learn about loan repayment and consolidation, and participate in a creative Jeopardy-like "Whaddaya Know" game developed by Cynthia Waisner, with five

questions and answers from each of the Life SkillsSM modules. Presenting the information in this format was received very well by the seniors.

Eastern Michigan University is planning to use Modules One, Two, and Five as part of their orientation for new students and exit counseling sessions. They will incorporate some features of the different modules in their student housing education meetings.

Lake Superior State University has been very active with the Life SkillsSM program. Modules 1 and 3 are used in residence halls, facilitated by Residence Hall Advisors (four students attended a training session) and in their UN 101 course (five instructors were trained, as well). They also plan to use some of this information during summer orientation. Deb Faust, Financial Aid Director, used Module 2 and the Student Skills CD during the financial aid portion of summer orientation. She also used Module 1 for a class she taught, as well as Module 5 in exit counseling sessions in conjunction with a fact sheet she developed.

Montcalm Community College is working on incorporating Life SkillsSM into their curriculum for new students. Life SkillsSM financial literacy will be added to the program services offered by the Student Services Unit.

West Shore Community College is working on incorporating Life SkillsSM into their new student orientation. In addition, they are in the process of updating their online orientation session to include some of the information in Modules Three and Four.

(Note: MGA gratefully acknowledges USA Funds for the development of the Life SkillsSM Program and for its use by MGA and the schools in Michigan.)

Additional Biographical Information for the Life SkillsSM Trainer, Cynthia Waisner

Education: M.B.A., Weatherhead School of Management, Case Western Reserve University. As an educator, Ms. Waisner brings to the Life SkillsSM training project significant teaching experience at both the undergraduate and graduate levels. Courses taught include *Organizational Behavior, Principles of Management, Management and Leadership, Strategic Marketing, and Principles of Marketing.*

(Continued on the next page.)

As a trainer and program developer, Ms. Waisner has developed and/or led training programs throughout the U.S. and Canada, consistently receiving the highest ratings for both content and delivery. She is adept at developing and customizing materials to meet the needs of a particular learning audience. Her sessions employ a wide range of presentation methods and strategies, incorporating the latest findings in adult learning research and practice. Recent clients include Ford Motor Company, Sunbeam

International, The Hayes Co., the State of Michigan, The Association of Theological Schools in the United States and Canada, and United Methodist Homes of New Jersey.

Ms. Waisner also has experience in the financial services industry, having worked as a trainer/developer for Bank One, Cleveland. She is a certified facilitator/instructor for DDI, Situational Leadership, Zenger-Miller/Achieve Global, and American Banking Association programs.

MAPPING YOUR FUTURE ENHANCEMENTS **ONLINE STUDENT LOAN COUNSELING VERSION 2.8**

Mapping Your Future (MYF) has enhanced its Online Student Loan Counseling (OSLC). Students will experience improved counseling content, questions, and format with the new counseling sessions. Listed below are changes to the student interface and Financial Aid Office (FAO) Access Area.

Information for Students--Before attempting to begin counseling, students should close all browser windows, clear the Temporary Internet Files folder (Tools/Internet Options/General/Clear Temp Internet Files), and then start fresh with a new browser window. Students should enter "0" in the *income* field and in one expense category on the budget. They should answer only those questions required to complete the sessions quickly. (A fix is being worked on to simplify this step.)

Information for Schools--The statistics listed on the site are only counting counseling sessions completed since July 16, 2003, when the OSLC version 2.8 was implemented. To access data prior to July 16, 2003, go to the Export tab in your FAO Access Area. Be sure your ending date is prior to July 16, 2003, and choose the Printable RTF

Confirmations format. Unfortunately, you cannot search for old data by Social Security Number (SSN), name, or confirmation number. If you are looking for a particular record and know the date the student completed counseling, run the export function for that date only and print only that student's record. If you do not know the date, contact the MYF professional staff. The staff will search for the student's record by SSN and/or name and provide you with the date.

Accessing New Data--To access counseling confirmations on or after July 16, 2003, you can

go to the Reports tab and view a list, or download printable reports for the date range you need. You can search under the Confirmations tab by SSN, name, or confirmation number. You can go to individual reports via the Confirmations box, or export that data for import into another system.

Combine Stafford and Perkins into one FAO Access Area--Schools will have the option of combining Stafford and Perkins counseling sessions into one account. By combining accounts, schools can manage all of their counseling data in one FAO Access Area. If schools combine Stafford and Perkins sessions into one account, confirmation notices will be sent to the same e-mail address.

Download Patches or Fixes--Schools should ensure they have the most recent patches and fixes for their Internet browsers, Microsoft Office, and Windows. These patches ensure higher security and help increase efficiency in the OSLC FAO Access Area. Financial aid professionals may want to talk to their IT staff for support and assistance with upgrades. For the current and upcoming versions of OSLC, MYF recommends schools use **Internet Explorer 5.5** or higher, or **Netscape 4.7** or higher to access the site.

Online Student Loan Counseling Product Specifications--Mapping Your Future offers its OSLC product specification publication online at mapping-your-future.org/services/oslcpsindex.htm. This product specification sheet includes instructions for the new version of OSLC, including:

- Browser requirements
- Steps for students and schools to participate

(Continued on the next page.)

- Features and security
- Regulatory requirements
- FAO Access Area
- ExitExpress
- OSLC customization
- Link to Mapping Your Future

Because the publication is online, prospective schools can easily find information about the products.

MYF Personal Customer Service for Schools--

To assist MYF clients with any customer service issues, the following people are available to help you with your questions:

CariAnne Cutshall, Project Team Coordinator

carianne.cutshall@mapping-your-future.org

Telephone and fax number: (573) 634-8641

CariAnne is available to assist with customer service issues for postsecondary schools. She can also help troubleshoot problems and provide training on FAO Access and other features and services of MYF.

Cathy Mueller, Executive Director for MYF

cathy.mueller@mapping-your-future.org

Telephone: (940) 497-0741 (new)

Fax: (940) 321-0424 (new)

If you have any general questions about these enhancements, please feel free to contact Flora Boles at extension 52882 or via e-mail at bolesf@michigan.gov.

GRADUATE/PROFESSIONAL ESTIMATED MONTHLY REPAYMENT SCHEDULE

Based on input we received after releasing the updated "Estimated Monthly Repayment Schedule" last month, MGA has created additional charts with larger loan amounts more suitable for graduate/professional schools. The "Graduate/Professional Stafford Loan Estimated Monthly Repayment Schedule" has loan amounts that range from \$10,500 to \$138,500 with interest rates that range from 3.42 percent to six percent. On the reverse side is a chart that demonstrates monthly payments and interest charges for consolidation

loans based on a range of interest rates from 2.875 percent to five percent and a 30-year repayment schedule. Copies of the charts are attached to this issue of *Educational Loan Notes*.

You may make copies of these charts for your borrowers, or they are available from MGA in quantity by contacting the School Services Unit at extension 36074.

NSLDS REPORTING REMINDER

Federal law requires lenders and lender servicers to report all status changes throughout the life of a loan to their guarantors. Status changes to report include, but are not limited to:

- Enrollment status changes.
- Cancellation of all or a portion of the loan.
- Disbursement date changes.
- Date loans enter repayment.
- Loans that have been paid-in-full or consolidated.
- Loan sales or transfers.

With the advent of the abandoned loan (AL) status it is critical for a lender to report status changes to their student loan portfolio. Loans with no reported activity for four years and in repayment for less than 12 years are classified as AL loans.

It is imperative that loan information is updated and reported in a timely manner so MGA loan data will match the information on the lender's system. This will ensure that the information sent to the National Student Loan Data System (NSLDS) is accurate.

Forms currently used by lenders to report changes are: the Loan Maintenance form, the Loan Change form, and the Disbursement Change form. If you need any assistance with reporting to the NSLDS or need to order any of the forms, please contact Betty Calloway at extension 39639.



Enjoy your Labor Day!

“Q” AND “A”**STAFFORD AGGREGATE LOAN LIMITS**

Q. Who’s responsibility is it to ensure that a borrower does not exceed their aggregate loan limit?

A. Based on all information available, a school is responsible for certifying a loan amount that ensures a borrower does not receive a loan in excess of the Stafford aggregate loan limit.

Q. What are the aggregate limits for Stafford loans?

	<u>Subsidized</u>	<u>Total Subsidized and Unsubsidized</u>
A. Dependent Undergraduates	\$23,000	SAME
Independent Undergraduates	\$23,000	\$46,000
Graduate and Professional Students	\$65,500	\$138,500

Note: Students cannot exceed Stafford annual loan limits. Independent undergraduates include dependent undergraduate students whose parents do not qualify for PLUS loans. Graduate and professional student totals include loans for undergraduate study.

Q. What types of Title IV aid are included when calculating aggregate loan limits?

A. In determining a borrower’s eligibility for a loan in the current year, the school must consider the outstanding loans the borrower has previously borrowed. This includes the portion of any outstanding Consolidation loans made under the Federal Family Educational Loan Program (FFELP) or Federal Direct Loan Program (FDLP) that was derived from a Stafford or Supplemental Loans for Students (SLS) (discontinued in 1994) loan included in the consolidation. It also includes the amount of any outstanding FDLP Stafford loan(s).

Q. Should Perkins loans be included when assessing aggregate loan limits?

A. Perkins loans are not considered when determining Stafford loan limits. However, they may be included in the subsidized portion of a Consolidation loan.

Q. Are there other charges not included when determining a borrower’s aggregate loan limit?

A. A Stafford aggregate loan limit does not include the amount of accrued interest, collection costs, fees, and/or capitalized interest. It also does not include the amount of any PLUS loan borrowed by the student’s parents.

Q. Is help available to determine a student’s remaining aggregate Stafford eligibility?

A. In most cases, you can rely on the National Student Loan Data System (NSLDS) loan history data (provided on the Institutional Student Information Report [ISIR], as well as the NSLDS Web site) and the Transfer Monitoring Process to tell you if a student is going to exceed the Stafford aggregate loan limit.

Q. Should schools only rely on NSLDS to determine an aggregate loan limit?

A. Schools are only responsible for data that is available in the NSLDS. However, in some instances because of timing or coding problems by the entities reporting to NSLDS, not all of the loans that are used to calculate an aggregate loan limit will be included in the NSLDS. This is evident with regard to Consolidation loans and the amounts that are assigned to subsidized and unsubsidized categories. Because of this, it would be prudent to review the student’s Consolidation loan paperwork to determine the portion of the Consolidation loan that must be considered subsidized or unsubsidized.

(Continued on the next page.)

Q. How does a change in a student's status or his/her parents' inability to qualify for a PLUS loan affect their aggregate amount?

- A. If a student's status changes from independent to dependent, or if a student's parent is initially unable to obtain a PLUS loan but is later determined eligible, special calculations are required to determine the student borrower's remaining loan eligibility. In these cases the school must calculate the remaining aggregate loan eligibility by totaling only those portions of loans previously received that represent base loan amounts. Any additional unsubsidized loan amounts received when the borrower was an independent student or when his or her parent was unable to obtain a PLUS loan are not to be included in the loan limit calculations.

Q. What can a school do if a student inadvertently exceeds their aggregate loan limit?

- A. If the school determines that the student inadvertently exceeded his aggregate loan limit, the school must give the student an opportunity to repay the excess amount before making a final determination on the student's eligibility for additional Title IV funds.

Q. In this case how would the borrower regain Title IV eligibility?

- A. A student who inadvertently exceeded an aggregate loan limit is not eligible for Title IV funds until one of the following occurs:
- The borrower authorizes the school to adjust the excess loan amount or reallocate funds between a subsidized Stafford loan and an unsubsidized Stafford loan for which the borrower is eligible.
 - The borrower repays in full the excess loan amount.
 - The borrower makes arrangements satisfactory to the holder of the loan to repay the excess loan amount.

Q. And if the borrower provides false information?

- A. If a Stafford borrower exceeds an aggregate loan limit as a result of providing false or misleading information, the borrower can only regain eligibility for Title IV aid by paying excess funds in full.

2003-04 Cash Management Life Cycle Training

The U.S. Department of Education (ED) is hosting Cash Management Life Cycle Training, Wednesday, October 22, 2003, at Macomb County Community College.

Who should attend: The workshops are designed for fiscal officers and financial aid administrators at postsecondary institutions, as well as computer technical support staff, third-party servicers, and other professionals with budget and financial responsibilities for Title IV funds. The workshop content is at the intermediate level. ED recommends that attendees have or obtain a basic understanding of Title IV cash management regulations before attending the workshops.

Topics: Review of Cash Management Principles, Common Origination and Disbursement System Overview, Cash Management Tools, Reconciling Title IV Program Funds and Program-Year Close-Out, and Assessing Your Cash Management Procedures.

To access registration for this training, go to <http://www.ed.gov/offices/OSFAP/sfau/#cash>.

REGULATION CHANGES

A variety of federal regulatory changes were published November 1, 2002, and took effect July 1, 2003, superceding the July 1, 2002, regulations. Although these changes were required for implementation no later than July 1, 2003, schools may have implemented them prior to that date. Attached to this issue of *Educational Loan Notes* MGA has provided a chart highlighting some of these changes.

THE "ED" PIPELINE

Following is a list of some of the most recent ED correspondence for schools and lenders.

Dear Partner
August 2003
ANN-03-08

This letter announces Federal Student Aid (FSA) School Delivery Channel interactive online training sessions in EDEExpress Pell Grant Processing and EDEExpress Direct Loan Processing using WebEx technology. If you were unable to attend a classroom session of this training, the WebEx alternative will allow you to obtain a similar learning experience without leaving your desk.

Dear Partner
July 2003
GEN-03-09

The Office of Federal Student Aid is adjusting the XML implementation schedule. This letter explains the reasons behind this adjustment.

LENDER LIST UPDATES

School personnel should record the following action on the "Participating Lender List" dated May 1, 2003. Please make the appropriate changes in all sections of the list as needed. If you have any questions regarding this update, please contact the Lender Services Unit at ext. 36076.

The following lender has joined the Standard Federal referral loan program. The address for this lender is c/o Nelnet, Inc., P.O. Box 82596, Lincoln, NE 68501-2596. Telephone: 800-755-7858.

222014 Brighton Commerce Bank

SCHOOL LIST UPDATES

The new "Active Michigan School List" dated August 6, 2003, was mailed the week of August 4. The following changes should be recorded. If you have any questions regarding these changes, please contact our School Services Unit at extension 36074.

Correction

William Tyndale College, Farmington Hills, 002252-00

The contact person is Priscilla Oster. Her e-mail address is poster@williamtyndale.edu.

Address, Telephone, Title, or Fax Number Changes

Henry Ford Community College, Dearborn, 002270-00

Kevin Culler's e-mail address is kjculler@hfcc.edu.

Monroe County Community College, Monroe, 002294-00

Tracy Vogt's telephone number is 734-384-4135, and her e-mail address is tvogt@monroeccc.edu.

Sacred Heart Major Seminary, Detroit, 002313-00

Anne Fry's new title is Dean of Administration and Advancement. Her new fax number is 313-833-8709.

University of Michigan – Dearborn, 002326-00

John Mason's telephone number is 313-593-5018.

Newly Participating FFELP Schools

This information is already updated on the new "Active Michigan School List."

Glenn Oaks Community College, Centreville, 002263-00

Michigan State University, East Lansing, 002290-00

Michigan State University-Detroit College of Law, East Lansing, 002254-00

Wayne State University, Detroit, 002329-00

Wayne State University Law School, Detroit, 002329-02

**Updated MGA Phone Lists are
attached to this issue of
*Educational Loan Notes***

Calendar of Upcoming Events

September

- 1 MGA Office Closed
- 9 Mapping Your Future Daytime Chat
Deferments, Forbearances & Default
Prevention
- 10-12 Association of Community Bankers
Grand Traverse Resort & Spa
Acme, Michigan
- 23 Guaranty Agency Advisory Committee Meeting
MSU University Club
Michigan State University
East Lansing, Michigan

October

- 12-15 MASFAA Conference
Hilton Milwaukee City Center/Midwest Center
Milwaukee, Wisconsin
- 22 SFA Training
2003-04 Cash Management Life Cycle
Training
Macomb Community College
Warren, Michigan
- 24-26 Michigan Bankers Association Retail Lending
Conference
Shanty Creek
Bellaire, Michigan

November

- 11 MGA Office Closed
- 18 MGA Fall School Workshop
Holiday Inn, Mt. Pleasant
- 19 MGA Fall School Workshop
Crowne Plaza Hotel, Grand Rapids
- 20 MGA Fall School Workshop
St. John's Conference Center, Plymouth
- 27-28 MGA Office Closed

LOAN NOTES

August 2003

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FEDERAL REGULATORY CHANGES

Published November 1, 2002

Effective July 1, 2003

<p style="text-align: center;"><u>FINAL REGULATIONS</u> <i>Effective July 1, 2003</i></p>	<p style="text-align: center;"><u>REGULATIONS</u> <i>Effective July 1, 2002</i></p>
<p><u>Re-establishing Eligibility</u></p> <p>668.35(b)</p> <p>A student who is subject to a judgment for failure to repay a loan made under a Title IV program may be eligible to receive Title IV program assistance if the student:</p> <ul style="list-style-type: none"> • Repays the debt in full. • Makes repayment arrangements that are satisfactory to the holder of the debt, and makes at least six consecutive voluntary monthly payments under those arrangements. 	<p><u>Re-establishing Eligibility</u></p> <p>668.35</p> <p>Student debts under the HEA and to the U.S. (a) A student who is in default on a loan made under a Title IV, HEA loan program may nevertheless be eligible to receive Title IV, HEA program assistance if the student:</p> <p>(i) Repays the loan in full; or</p> <p>(2)(i) Makes arrangements, that are satisfactory to the holder of the loan and in accordance with the individual Title IV, HEA loan program regulations, to repay the loan balance; and</p> <p>(ii) Makes at least six consecutive monthly payments under those arrangements.</p> <p>(b) A student who is not in default on a loan made under a Title IV, HEA loan program, but has inadvertently obtained loan funds under a Title IV, HEA loan program in an amount that exceeds the annual or aggregate loan limits under that program, may nevertheless be eligible to receive Title IV, HEA program assistance if the student—</p> <p>(i) Repays in full the excess loan amount; or</p> <p>(2) Makes arrangements, satisfactory to the holder of the loan, to repay that excess loan amount.</p>
<p><u>Late Disbursements</u></p> <p>668.164(g)(2)</p> <p>(1) A student who becomes ineligible (or the student's parent in the case of a PLUS loan) qualifies for a late disbursement if, before the date the students became ineligible:</p> <ul style="list-style-type: none"> • Except in the case of a PLUS loan, the Secretary processed a SAR or ISIR with an official expected family contribution (EFC); and • Under the FFEL, the institution certified the loan 	<p><u>Late Disbursements</u></p> <p>668.164(g)(2)</p> <p>(2) <i>Conditions for late disbursements.</i> An institution may disburse funds under a Title IV, HEA program to an ineligible student and to the parent of an ineligible student as described in paragraph (g)(1) of this section if, before the date the student became ineligible—</p> <p>(i) The institution received a SAR from the student or an ISIR from the Secretary and the SAR or ISIR has an official expected family contribution calculated by the Secretary</p> <p>(B) For an FFEL Program loan, the institution certified an application for that loan. An institution may not make a late second or subsequent disbursement of a Stafford loan unless the student has graduated or successfully completed the period of enrollment for which the loan was intended;</p> <p>(C) For a Direct Loan or FFEL Program loan, the student completed the first 30 days of his or her program of study if the student was a first-year, first-time borrower as described in 34 CFR 682.604(c)(5) or 685.303(b)(4);</p>
<p>668.164(g)(3)(i)</p> <p>(2) If the student withdrew from the institution during a payment period or period of enrollment, the institution must make any post-withdrawal disbursement required.</p>	<p>668.164(g)(3)(i)</p> <p>(3) <i>Making a late disbursement.</i> If a student or a parent borrower qualifies for a late disbursement under paragraphs (g) (2) and (3) of this section, the institution—</p> <p>(i) May make that late disbursement of Title IV, HEA</p>

<p align="center"><u>FINAL REGULATIONS</u> Effective July 1, 2003 (Continued)</p>	<p align="center"><u>FINAL REGULATIONS</u> Effective July 1, 2002 (Continued)</p>
	<p>program funds only if the funds are used to pay for educational costs that the institution determines the student incurred for the period in which the student was enrolled and eligible; and</p>
<p>668.164(g)(3)(ii)</p> <p>(3) If the student successfully completed the payment period or period of enrollment, the institution must provide the student (or parent) the opportunity to receive the amount of Title IV funds that the student (parent) was eligible to receive while the student was enrolled at the institution.</p> <p>For a late disbursement in this circumstance, the institution may credit the student's account to pay for current and allowable charges, but must pay or offer any remaining amount to the student or parent.</p>	<p>668.164(g)(3)(ii)</p> <p>(ii) Must make the late disbursement no later than 90 days after the date that student becomes ineligible under paragraph (g)(1) of this section.</p>
<p>668.164(g)(3)(iii)</p> <p>(4) If the student did not withdraw but ceased to be enrolled as at least a half-time student, the institution may make the late disbursement of a loan under the FFEL or Direct Loan programs to pay for educational costs that the institution determines the student incurred for the period in which the student was eligible.</p>	
<p>668.164(g)(4)</p> <p>(5) The timeframe for making a late disbursement was changed from 90 to 120 days.</p> <p>(6) For those cases in which the student is not at fault, only the Department may approve an institution's request to make a late disbursement after 120 days.</p>	
<p><u>Timely Return of Funds</u></p> <p>668.173</p> <p>(1) An institution is considered to have returned unearned Title IV funds timely if, no later than 30 days after the date the institution determined the student withdrew:</p> <ul style="list-style-type: none"> • It deposits or transfers the funds into the bank account it maintains; • It initiates an electronic funds transfer (EFT); • It initiates an electronic transaction that informs a FFEL lender to adjust the borrower's loan account for the amount returned; or • It issues a check. However, the Secretary considers that the institution did not satisfy this requirement if: • Its records show that the check was issued more than 30 days after the date the institution determined the student withdrew; or 	<p><u>Timely Return of Funds</u></p> <p>668.173</p> <p>Refund reserve standards.</p> <p>(a) <i>General.</i> The Secretary considers that an institution has sufficient cash reserves (as required under § 668.171(b)(2)) to make refunds that it is required to make under its refund policy, including the return of Title IV, HEA program funds for which it is responsible under § 668.22 and the payment of post-withdrawal disbursements under § 668.22 if the institution—</p> <ol style="list-style-type: none"> (1) Satisfies the requirements of a public institution under § 668.171(c)(1); (2) Is located in a State that has a tuition recovery fund approved by the Secretary and the institution contributes to that fund; or (3) Demonstrates that it makes its refunds timely, as provided under paragraph (b) of this section.

FINAL REGULATIONS

Effective July 1, 2003
(Continued)

- The date on the cancelled check shows that the bank used by the Secretary of FFEL lender endorsed that check more than 45 days after the date the institution determined the student withdrew.
- (2) An institution previously had to submit a letter of credit and request the Secretary to reconsider a finding that it failed to return unearned Title IV funds in a timely manner. Now an institution can submit the following:
- Documents showing that the unearned Title IV funds were not returned in a timely manner solely because of exceptional circumstances beyond the institution's control and that it would not have exceeded the compliance thresholds had it not been for these exceptional circumstances; or it submits documents showing that it did not fail to make timely refunds; and
 - The institution's request, along with the documents, is submitted to the Secretary no later than the date it would otherwise be required to submit a letter of credit.
- (3) If the Secretary denies the institution's request, the Secretary notifies the institution of the date it must submit the letter of credit.

Entrance Counseling

682.604(f)(1)

Schools are no longer required to personally conduct entrance counseling. Other entities may perform the responsibility on the school's behalf.

FINAL REGULATIONS

Effective July 1, 2002
(Continued)

- b) *Timely refunds.* An institution demonstrates that it makes required refunds, including payments required under § 668.22, if the auditor or auditors who conducted the institution's compliance audits for the institution's two most recently completed fiscal years, or the Secretary or a State or guaranty agency that conducted a review of the institution covering those fiscal years—
- Finds in the sample of student records audited or reviewed for each of those fiscal years that—
- (i) The institution made late refunds to 5 percent or more of the students in that sample. For purposes of determining the percentage of late refunds under this paragraph, the auditor or reviewer must include in the sample only those Title IV, HEA program recipients who received or should have received a refund or for whom a repayment of unearned Title IV, HEA program funds was made or should have been made under § 668.22; or
 - (ii) The institution made only one late refund or repayment of unearned Title IV, HEA program funds for a student in that sample; and
- (2) Did not note for either of those fiscal years a material weakness or a reportable condition in the institution's report on internal controls that is related to refunds.
- (c) *Refund findings.* Upon a finding that an institution no longer satisfies a refund standard under paragraph (a) (1) or (2) of this section, or that the institution is not making its refunds timely under paragraph (b) of this section, the institution must submit an irrevocable letter of credit, acceptable and payable to the Secretary, equal to 25 percent of the total amount of Title IV, HEA program refunds the institution made or should have made during its most recently completed fiscal year. The institution must submit this letter of credit to the Secretary no later than—
- (1) Thirty days after the date the institution is required to submit its compliance audit to the Secretary under § 668.23, if the finding is made by the auditor who conducted that compliance audit; or
 - 2) Thirty days after the date that the Secretary, or the State or guaranty agency that conducted a review of the institution notifies the institution of the finding. The institution must also notify the Secretary of that finding and of the State or guaranty agency that conducted that review of the institution assets.

Entrance Counseling

682.604(f)(1)

(f) *Initial counseling.* (1) A school must conduct initial counseling with each Stafford loan borrower either in person, by audiovisual presentation, or by interactive electronic means prior to its release of the first disbursement, unless the student borrower has received a prior Stafford, SLS, or Direct loan. A school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer

<p align="center"><u>FINAL REGULATIONS</u> Effective July 1, 2003 (Continued)</p>	<p align="center"><u>FINAL REGULATIONS</u> Effective July 1, 2002 (Continued)</p>
	<p>the student borrower's questions regarding those programs. As an alternative, in the case of a student borrower enrolled in a correspondence program or a student borrower enrolled in a study-abroad program that the home institution approves for credit, the school may provide the counseling through written materials, prior to releasing those loan proceeds.</p>
<p>682.604(f)(2)</p> <p>The following information must be provided as part of entrance counseling:</p> <ul style="list-style-type: none"> • The consequences of default no longer must be explained in “forceful terms.” • “Federal offset” is included as one of the consequences of default. • The borrower must be provided sample monthly repayment amounts based on (1) a range of indebtedness, (2) the average indebtedness of Stafford borrowers at that school, or (3) the average indebtedness of borrowers in that program of study at that school. 	<p>682.604(f)(2)</p> <p>(2) In conducting the initial counseling, the school must—</p> <ul style="list-style-type: none"> (i) Explain the use of a Master Promissory Note; (ii) Emphasize to the student borrower the seriousness and importance of the repayment obligation the student borrower is assuming; (iii) Describe in forceful terms the likely consequences of default, including adverse credit reports and litigation; and (iv) In the case of a student borrower of a Stafford loan (other than a loan made or originated by the school), emphasize that the student borrower is obligated to repay the full amount of the loan even if the student borrower does not complete the program, is unable to obtain employment upon completion, or is otherwise dissatisfied with or does not receive the educational or other services that the student borrower purchased from the school. <p>(3) A school that conducts initial counseling through interactive electronic means must take reasonable steps to ensure that each student borrower receives the counseling materials, and participates in and completes the initial counseling.</p> <p>(4) A school must maintain documentation substantiating the school's compliance with this section for each student borrower.</p>
<p><u>Exit Counseling</u></p> <p>682.604(g)(1)</p> <p>Schools are no longer required to personally conduct exit counseling. Other entities may perform the responsibility on the school’s behalf.</p>	<p><u>Exit Counseling</u></p> <p>682.604(g)(1)</p> <p>(g) <i>Exit counseling.</i> (1) A school must conduct exit counseling with each Stafford loan borrower either in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must conduct this counseling shortly before the student borrower ceases at least half-time study at the school. As an alternative, in the case of a student borrower enrolled in a correspondence program or a study-abroad program that the home institution approves for credit, the school may provide written counseling materials by mail within 30 days after the student borrower completes the program. If a student borrower withdraws from school without the school's prior knowledge or fails to complete an exit counseling session as required, the school must provide exit counseling through either interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after learning that the student borrower has withdrawn from school or failed to complete the exit counseling as required.</p>

FINAL REGULATIONSEffective July 1, 2003
(Continued)**682.604(g)(2)**

In addition to existing requirements, the following must be provided as part of exit counseling:

- Standard, graduated, extended, and income-sensitive repayment plans, as well as loan consolidation.
- Conditions under which a student may receive forbearance.
- Availability of Title IV loan information on NSLDS.

682.604(g)

The borrower must provide, not just correct, current information regarding name, address, SSN, references, driver's license number and state of issuance, expected permanent address, address of next of kin, and the name and address of the expected employer (if known).

FINAL REGULATIONSEffective July 1, 2002
(Continued)**682.604(g)(2)**

(2) In conducting the exit counseling, the school must—

- (i) Inform the student borrower of the average anticipated monthly repayment amount based on the student borrower's indebtedness or on the average indebtedness of student borrowers who have obtained Stafford or SLS loans for attendance at that school or in the student borrower's program of study;
 - (ii) Review for the student borrower available repayment options (e.g., loan consolidation, refinancing of SLS loans);
 - (iii) Suggest to the student borrower debt-management strategies that the school determines would best assist repayment by the student borrower;
 - (iv) Include the matters described in paragraph (f)(2) of this section;
 - (v) Review with the student borrower the conditions under which the student borrower may defer repayment or obtain a full or partial cancellation of a loan;
 - (vi) Require the student borrower to provide corrections to the institution's records concerning name, address, social security number, references, and driver's license number, as well as the student borrower's expected permanent address, the address of the student borrower's next of kin, and the name and address of the student borrower's expected employer, that will then be provided within 60 days to the guaranty agency or agencies listed in the student borrower's records; and
 - (vii) Review with the student borrower information on the availability of the Student Loan Ombudsman's office.
- (3) A school that conducts exit counseling by electronic interactive means must take reasonable steps to ensure that each student borrower receives the counseling materials, and participates in and completes the counseling.
- (4) The school must maintain documentation substantiating the school's compliance with this section for each student borrower.



MICHIGAN
Guaranty Agency

GRADUATE/PROFESSIONAL STAFFORD LOAN

ESTIMATED MONTHLY REPAYMENT

FEDERAL FAMILY EDUCATION LOAN PROGRAM



MICHIGAN
Guaranty Agency

Loan Amount	# of Pmts	Pmt	Finance Charge @ 3.42% Int. Rate*	Pmt	Finance Charge @ 4.06% Int. Rate*	Pmt	Finance Charge @ 5% Int. Rate*	Pmt	Finance Charge @ 5.25% Int. Rate*	Pmt	Finance Charge @ 5.5% Int. Rate*	Pmt	Finance Charge @ 5.75% Int. Rate*	Pmt	Finance Charge @ 6% Int. Rate*
\$10,500	120	\$103.44	\$1,913	\$106.61	\$2,293	\$111.37	\$2,864	\$112.66	\$3,019	\$113.95	\$3,174	\$115.26	\$3,331	\$116.57	\$3,489
20,000	120	197.02	3,643	203.06	4,367	212.13	5,456	214.58	5,750	217.05	6,046	219.54	6,345	222.04	6,645
23,000	120	226.58	4,190	233.52	5,022	243.95	6,274	246.77	6,612	249.61	6,953	252.47	7,296	255.35	7,642
30,000	120	295.53	5,464	304.59	6,551	318.20	8,184	321.88	8,625	325.58	9,069	329.31	9,517	333.06	9,967
40,000	120	394.05	7,285	406.12	8,735	424.26	10,911	429.17	11,500	434.11	12,093	439.08	12,689	444.08	13,290
46,000	120	453.15	8,378	467.04	10,045	487.90	12,548	493.54	13,225	499.22	13,906	504.94	14,593	510.69	15,283
50,000	120	492.56	9,107	507.65	10,918	530.33	13,639	536.46	14,375	542.63	15,116	548.85	15,862	555.10	16,612
60,000	120	591.07	10,928	609.18	13,102	636.39	16,367	643.75	17,250	651.16	18,139	658.62	19,034	666.12	19,935
65,500	120	645.25	11,930	665.03	14,303	694.73	17,867	702.76	18,831	710.85	19,802	718.99	20,779	727.18	21,762
70,000	120	689.58	12,750	710.71	15,286	742.46	19,095	751.04	20,125	759.68	21,162	768.38	22,206	777.14	23,257
80,000	120	788.09	14,571	812.24	17,469	848.52	21,823	858.33	23,000	868.21	24,185	878.15	25,379	888.16	26,580
90,000	120	886.60	16,392	913.77	19,653	954.59	24,551	965.63	25,875	976.74	27,208	987.92	28,551	999.18	29,902
100,000	120	985.12	18,214	1015.31	21,837	1060.66	27,278	1072.92	28,750	1085.26	30,232	1097.69	31,723	1,110.21	33,224
110,000	120	1083.63	20,036	1116.84	24,020	1166.72	30,007	1180.21	31,625	1193.79	33,255	1207.46	34,895	1,221.23	36,547
120,000	120	1182.14	21,857	1218.37	26,204	1272.79	32,734	1287.50	34,500	1302.32	36,278	1317.23	38,068	1,332.25	39,869
130,000	120	1280.65	23,678	1319.90	28,388	1378.85	35,462	1394.79	37,375	1410.84	39,301	1427.00	41,240	1,443.27	43,192
138,500	120	1364.38	25,226	1406.20	30,244	1469.01	37,781	1485.99	39,819	1503.09	41,871	1520.30	43,937	1,537.63	46,016

*Figures in this column indicate approximate **total** interest amount you will pay over the life of your **loan**. Annual variable interest rates are capped at 8.25%.

NOTE: Borrowers with variable interest rates should contact their lenders to determine current rates and/or monthly payment amounts.



MICHIGAN
Guaranty Agency

GRADUATE/PROFESSIONAL CONSOLIDATION LOAN

ESTIMATED MONTHLY REPAYMENT

FEDERAL FAMILY EDUCATION LOAN PROGRAM



MICHIGAN
Guaranty Agency

Loan Amount	# of Pmts	Pmt	Finance Charge @ 2.875% Int. Rate*	Pmt	Finance Charge @ 3.5% Int. Rate*	Pmt	Finance Charge @ 3.625% Int. Rate*	Pmt	Finance Charge @ 4.25% Int. Rate*	Pmt	Finance Charge @ 4.375% Int. Rate*	Pmt	Finance Charge @ 4.5% Int. Rate*	Pmt	Finance Charge @ 5% Int. Rate*
\$10,500	180	\$71.88	\$2,439	\$75.06	\$3,011	\$75.71	\$3,128	\$78.99	\$3,718	\$79.66	\$3,838	\$80.32	\$3,959	\$83.03	\$4,446
20,000	240	109.67	6,322	115.99	7,838	117.28	8,147	123.85	9,723	125.18	10,045	126.53	10,367	131.99	11,678
23,000	240	126.12	7,270	133.39	9,014	134.87	9,370	142.42	11,182	143.96	11,551	145.51	11,922	151.79	13,430
30,000	240	164.51	9,482	173.99	11,757	175.92	12,221	185.77	14,585	187.78	15,066	189.79	15,551	197.99	17,516
40,000	300	187.09	16,129	200.25	20,075	202.94	20,882	216.70	25,007	219.50	25,852	222.33	26,701	233.84	30,150
46,000	300	215.16	18,547	230.29	23,085	233.38	24,018	249.20	28,760	252.43	29,729	255.68	30,706	268.91	34,674
50,000	300	233.87	20,160	250.31	25,094	253.68	26,102	270.87	31,260	274.38	32,314	277.92	33,373	292.30	37,687
60,000	360	248.94	29,616	269.43	36,993	273.63	38,507	295.16	46,260	299.57	47,846	304.01	49,445	322.09	55,955
65,500	360	269.68	32,085	294.12	40,386	298.71	42,038	322.22	50,500	327.03	52,232	331.88	53,976	351.62	61,082
70,000	360	290.42	34,554	314.33	43,160	319.24	44,924	344.36	53,968	349.50	55,820	354.68	57,685	375.78	65,277
80,000	360	331.91	39,490	359.24	49,324	364.84	51,343	393.55	61,679	399.43	63,793	405.35	65,925	429.46	74,603
90,000	360	373.40	44,426	404.14	55,491	410.45	57,760	442.75	69,387	449.36	71,767	456.02	74,165	483.14	83,930
100,000	360	414.89	49,362	449.04	61,657	456.05	64,179	491.94	77,098	499.29	79,741	506.69	82,405	536.82	93,257
110,000	360	456.38	54,298	493.95	67,821	501.66	70,595	541.13	84,810	549.21	87,718	557.35	90,649	590.50	102,583
120,000	360	497.87	59,234	538.85	73,988	547.26	77,015	590.33	92,517	599.14	95,692	608.02	98,889	644.19	111,905
130,000	360	539.36	64,170	583.76	80,152	592.87	83,431	639.52	100,229	649.07	103,666	658.69	107,129	697.87	121,232
138,500	360	574.63	68,365	621.93	85,393	631.63	88,887	681.34	106,780	691.51	110,444	701.46	114,133	743.50	129,158

*Figures in this column indicate approximate **total** interest amount you will pay over the life of your loan. Annual variable interest rates are capped at 8.25%.

NOTE: Borrowers with variable interest rates should contact their lenders to determine current rates and/or monthly payment amounts.